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Do you have adequate health insurance cover?

Source: Life Insurance Association

It's unfortunate but true that most of us don't see the importance of health insurance until we find ourselves in dire situations. And we cannot predict what can happen to us in the future.

That is why, it is essential for us to be adequately covered by health insurance as it protects you and your family against financial losses that come from coping with unforeseen events such as accidents, illnesses or disabilities.

However, the types of benefits which you are expected to receive, will depend on the type of health insurance policy you choose. It could reduce your financial burden by covering the costs of your medical treatment or nursing care, or even supplement you with some income during your period of hospitalisation or disability.

We understand that buying health insurance can be quite overwhelming for one, as there is a wide range of insurance products available in the market today. Hence, we'll address some of the concerns you may have about health insurance below.

1. How much health insurance do I need?

As healthcare gets more costly, we definitely don't want to risk being inadequately insured, and end up wiping out a portion of our savings to pay for medical expenses. To help you understand the amount of health insurance you may need, here are some things you should consider:

- The quality of healthcare service and the level of income protection that you want if you fall ill or become disabled.
- The amount your dependants, for instance your spouse or children would require for their daily needs, if you are unable to provide income for them over an extended period of time.

But often, we find it a challenge to balance the ability to pay for the premiums over the long term and buying sufficient health insurance cover. This is why it is so important for one to seek the opinion from a financial adviser as he or she possesses the expertise to offer you sound advice in order for you to make an informed decision.

2. How can I ensure that my health insurance policy works to my best advantage?

To get the best out of your insurance policy, it is essential that you do some homework on the healthcare costs charged by various types of hospitals, be it from the private and public hospitals. Here are some things you should do:

- Get information on the ward charges
- Find out the costs of related medical treatment
- Check if the benefits under your health insurance will cover all the costs
- Consider all available options
- Choose your ward or treatment that is within your financial means.

3. How do I prevent duplicate coverage?

It is prudent for one to be covered by a comprehensive insurance plan to protect ourselves and our family from unfortunate and unexpected events in life. But what happens if we find that our existing insurance plan does not cover all grounds? Often, we may think about buying another policy or even switch to another policy to ensure that we have sufficient coverage. Nonetheless, before you make any decision to purchase another health insurance policy, here are two very important factors that you should take note.

- Multiple medical expense policies

The total reimbursement expected from all your plans, is actually limited by the expenses which you incur. In buying additional medical insurance plans, please know that it does provide you with extra benefits. Hence, it's always good to check with your financial adviser if you are unsure.

- Switching between health insurance products

It is generally not advisable to switch between health insurance policies, due to lack of certain coverage on illnesses or disabilities provided the new policy. A common exclusion known as the "pre-existing condition" is found in most health insurance policies. This clause refers to the non-coverage of any illness or disability developed during the period of your previous policy.

4. Is there an age limit for taking up health insurance coverage?

Most health insurance policies are generally imposed with certain age limits, ranged between 65 and 75 years old depending of the type of insurer. However, it is often emphasised that we should buy health insurance at young age. The reason being – we are generally in a better state of health during young, hence the probability of developing an illness or disease is at its lowest. The premium payment will also be at an affordable rate, without compromising the amount of coverage extended.

N.B: The information in this article is of a general nature and may not apply to every situation or to your own personal circumstances. This article should not be regarded as a substitute for seeking legal advice on any specific issue. Consumers are advised to always seek the advice of their financial adviser when in doubt.

For more information on the Life Insurance Association, please visit www.lia.org.sg